

NOTICE OF HEARING

BEFORE THE BOARD OF OIL, GAS AND MINING DEPARTMENT OF NATURAL RESOURCES STATE OF UTAH THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE FOLLOWING MATTERS (Docket Nos. 2016-011, 2016-012, and 2016-013): Notice is hereby given that the Board of Oil, Gas and Mining ("Board"), State of Utah, will conduct a hearing on WEDNESDAY, MAY 25, 2016, at 2:00 PM, or as soon thereafter as possible, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The hearing will be streamed live on the Department of Natural Resources YouTube channel at https://youtu.be/4_zrEkQnDME. The hearing will be conducted as a formal administrative adjudication in accordance with the rules of the Board as set forth in Utah Administrative Code R641 et seq., and as provided for in Utah Code Ann. § 40-6-1 et seq., and Utah Code Ann. § 63G-4-101 through 601. DOCKET NO. 2016-011 CAUSE NO. 139-138 - In the matter of the Request for Agency Action of AXIA ENERGY II, LLC for an order modifying the Board's orders entered in Cause Nos. 131-14, 139-42, 139-90 to establishing special 2,560 acre (or substantial equivalent) drilling units for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch (Colton) Formations.

comprised of Sections 27, 28, 33 and 34, and Sections 29 through 32, respectively, Township 2 South, Range 1 West, USM, Duchesne and Uintah Counties, Utah.

THE PURPOSE OF THE PROCEEDING will be for the Board to receive testimony and evidence regarding a Request for Agency Action filed by Axia Energy II, LLC (the "RAA") that the Board enter an Order:

1. Modifying the Board's Orders entered on August 11, 1971 in Cause No. 131-14, entered on April 17, 1985 in Cause No. 139-42, and entered on May 9, 2012 in Cause No. 139-90 (the "Applicable Orders") to establish two special 2,560-acre (or substantial equivalent) drilling units for the production of oil, gas and hydrocarbons from the Lower Green River-Wasatch (Colton) formations, defined as follows: the interval from the top of the Lower Green River Formation (Mahogany Marker Bed) to the base of the Green River-Wasatch or top of the North Horn Formation, the stratigraphic equivalent of which is defined as between 7,212 feet and 13,651 feet as shown in the Borehole Compensated Sonic-Gamma Ray Log of the Flying J - Dustin #1 Well located in the NE¼SW¼ of Section 22, Township 2 South, Range 3 West, U.S.M., and as between 6,555 feet and 12,392 feet as shown on the Digital Sonic Log of the Devon - 1-26B1 Well located in the SW¼SW¼ of Section 26, Township 2 South, Range 1 West, U.S.M.

PROOF OF PUBLICATION

STATE OF UTAH,

}S.S.

County of Uintah

I, ALYSSA SIMPER, being duly sworn, depose and say that I am the Legals Manager of The Vernal Express, a weekly newspaper of general circulation, published each week at Vernal, Utah, that the notice attached hereto was published in said newspaper for 1 publication(s), the first publication having been made on May 3, 2016 and the last on May 3, 2016, that said notice was published in the regular and entire issue of every number of the paper during the period and times of publication, and the same was published in the newspaper proper and not in a supplement; and was published on Utahlegals.com, a website established by the Utah Press Association through the collective efforts of Utah's newspapers, on the same day as the first newspaper publication and the notice remained on Utahlegals.com until the last day of publication.

571 Lines, 81.5 inches. Publication fee, \$571.25.

This page is not a billing statement or invoice, but a proof of publication. Please make payment from billing invoice.

By *Alyssa Simper*

Legals Manager

Subscribed and sworn to before me this 9 day of

May, 2016 by Alyssa Simper.

[Signature]
Notary Public



(the "Subject Formations"), comprised of the following respective Duchesne and Uintah County, Utah lands:

Township 2 South, Range 1 West, USM Sections 27, 28, 33 and 34

Sections 29, 30, 31 and 32

(the "Subject Lands"), with the following caveats:

a. authorizing up to 80 long lateral (in excess of one mile in length) horizontal wells ("LHW's") to be drilled and produce in each such drilling unit so established, the orientation of which may be at Axia's discretion;

b. providing that no producing interval of an authorized LHW may be located closer than 300 feet to the boundaries of each drilling unit so established without obtaining an exception location approval in accordance with Utah Admin. Code Rule R649-3-3. With respect to LHW's within the same drilling unit, there shall be no inter-well setback distance required provided stacked LHW laterals are located at least 100 feet or greater apart in vertical distance;

c. providing that the surface location of any authorized LHW not only may be located anywhere on the drilling unit, but may also be located off the drilling unit so established presuming proper surface and sub-surface authorization for such a location has been obtained from the owners and the well will be cased and cemented to the 300-ft. setback as set forth in (b) above, both to be evidenced and satisfied by a self-certification to such effect executed

by the Operator of said drilling unit and filed with the Utah Division of Oil, Gas and Mining (the "Division"), and the other setbacks for the laterals set forth in (b) above are maintained;

d. providing that any party failing to participate in the drilling of the initial LHW within the respective drilling unit so established, whether by affirmative election or failure to respond to a written opportunity to participate within 30 days after receipt, shall be deemed a non-consenting party to said well and the next six (6) LHW's drilled within said drilling unit;

e. providing the productive intervals of any LHW so authorized may not be closer than 300 feet to the following three existing vertical wells drilled upon the following portions of the Subject Lands and which currently produce from the Subject Formations:

Well

Location

Windy Ridge State 34-7

Sec. 34: SW $\frac{1}{4}$ NE $\frac{1}{4}$ Emerald Phoenix 15-31-2-1W

Sec. 31: SW $\frac{1}{2}$ SE $\frac{1}{4}$ South Altamont 3-30-21

Sec. 30: NE $\frac{1}{4}$ NW $\frac{1}{4}$ without obtaining an exception location approval in accordance with Utah Admin.

Code Rule R649-3-3. Production from said three existing wells shall continue to be allocated on a sectional (640-acre or substantial equivalent) basis in accordance with the Applicable Orders;

f. providing that vertical or short lateral horizontal wells ("SHW") may also be drilled and produce on each drilling unit so established with no inter-well setbacks from other wells within the same

drilling unit, but providing no vertical or directionally drilled well may have producing intervals closer than 300 feet from a drilling unit boundary, and providing any SHW may not have producing intervals closer than 300 feet from the boundaries of the drilling unit, without an exception location approval in accordance with Utah Admin. Code Rule R649-3-3;

g. providing that the surface location of any authorized SHW not only may be located anywhere on the drilling unit, but may also be located off the drilling unit so established presuming proper surface and sub-surface authorization for such a location has been obtained from the owners and the well will be cased and cemented to the 300-ft. setback as set forth in (f) above, both to be evidenced and satisfied by a self-certification to such effect executed by the Operator of said drilling unit and filed with the Division, and the other setbacks for the laterals set forth in (f) above are maintained; and

h. presuming the RAA is granted, making said Order effective as of the first day of the month following the date of first production from the first LHW drilled upon the respective drilling unit, at which time production from not only the first LHW, but also production from any additional LHW's or new producing SHW's and vertical and directionally drilled wells, all shall be allocated on a pro-rata acreage basis over the entire 2,560-acre drilling unit;

i. presuming the RAA is granted, providing that, if, within

18 months of entry of the conforming Order, no LHW has been drilled on one or both drilling units, said Order shall be automatically vacated and the Applicable Orders shall once again fully govern; and

2. Providing for such other and further relief as may be just and equitable under the circumstances.

DOCKET NO.

2016-012 CAUSE

NO. 131-145 – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORP for an order authorizing the flaring of gas in excess of the amounts allowed under Utah Admin. Code Rule R649-3-20(1.1) from the Gardner State 1-26-3-2E Well located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26 in Township 3

South, Range 2 East, USM, Uintah County, Utah.

THE PURPOSE OF THE PROCEEDING will be for the Board to receive testimony and evidence regarding a Request for Agency Action filed by Crescent Point Energy U.S. Corp that the Board enter an Order:

1. Authorizing Crescent Point Energy U.S. Corp ("CPE") as operator of the Gardner State 1-26-3-2E Well (the "1-26 Well"), located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26, Township 3 South, Range 2 East, USM, Uintah County, Utah, to flare gas in excess of amounts currently allowed under Utah Admin. Code Rule R649-3-20(1.1), until construction of the pipeline to the well is completed (estimated by December 31, 2016); provided, however, that if construction of the pipeline will not be completed by December 31, 2016, CPE shall prepare

and submit a written report to the Division by December 15, 2016, or as soon as CPE becomes aware that construction will not be completed by December 31, 2016, explaining the circumstances and when construction will be completed such that if the Division so determines, CPE shall appear before the Board to submit additional evidence and testimony in conformance with Utah Admin. Code Rule R649-3-20(5) to reflect that the authorized flaring is still justified or that modification of the Order is instead required; and

2. Providing for such other and further relief as may be just and equitable under the circumstances.

DOCKET NO.

2016-013 CAUSE

NO. 207-03 – In the matter of the Notice of Agency Action for an Order Requiring Hot Rod Oil to plug and reclaim its Govt. "AF" No. 1 Well, located in the SE¼SW¼ of Section 27, Township 13 South, Range 21 East, in Uintah County, Utah.

THE PURPOSE OF THE PROCEEDING

will be for the Board to receive testimony and evidence regarding a Notice of Agency Action requesting that the Board enter an Order:

1. Requiring Mark L. Peterson, DBA Hot Rod Oil, (together, Hot Rod) to plug and reclaim the Govt. "AF" No. 1 Well (the Well) as required by Utah Administrative Code Rule 649-3-36.3;

2. Providing that, in the event Hot Rod fails to commence plugging and reclamation work as ordered,

(a) that Hot Rod is liable for civil penal-

ties of up to \$5000 per day of continuing violation; and

(b) authorizing the Division to conduct plugging and reclamation of the Well and to recover all costs associated with that work from Hot Rod.

3. Providing for such other and further relief as may be just and equitable under the circumstances. Objections to the Request(s) for Agency Action and/or the Notice of Agency Action must be filed with the Secretary of the Board at the address listed below no later than May 10, 2016. A party must file a timely written objection or other response in order to participate as a party at the Board hearing. Failure to participate can result in a default judgment.

Natural persons may appear and represent themselves before the Board. All other representation of parties before the Board will be by attorneys licensed to practice law in the State of Utah, or attorneys licensed to practice law in another jurisdiction which meet the rules of the Utah State Bar for practicing law before the Utah Courts. Persons interested in this matter may participate pursuant to the procedural rules of the Board. The Request(s) for Agency Action, the Notice of Agency Action, and any subsequent

pleadings, may be inspected at the office of the undersigned, and inspected online at the Utah Board of Oil, Gas and Mining's website at <http://ogm.utah.gov/amr/board-temp/redesign/books.html>.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing date.

DATED this 26th day of April, 2016.

STATE OF UTAH
BOARD OF OIL,
GAS AND MINING

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